

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF DRINKING WATER AND  
DIVISION OF FINANCIAL ASSISTANCE  
SEPTEMBER 21, 2021**

**ITEM 11**

**SUBJECT**

CONSIDERATION OF A PROPOSED RESOLUTION ADOPTING GUIDELINES FOR THE CALIFORNIA WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM (PROGRAM) AND DELEGATING AUTHORITY TO THE DEPUTY DIRECTORS OF THE DIVISION OF DRINKING WATER AND THE DIVISION OF FINANCIAL ASSISTANCE TO ADMINISTER THE PROGRAM

**DISCUSSION**

On March 4, 2020, Governor Newsom issued a State of Emergency Proclamation due to the COVID-19 pandemic. On April 2, 2020, the Governor issued Executive Order N-42-20 prohibiting shut offs of water service to residences and critical infrastructure sector small businesses. The Executive Order also required restoration of service to customers that were disconnected for non-payment after March 4, 2020. In November 2020, the State Water Resources Control Board (State Water Board) collected data from a subset of public water systems on water systems' financial impacts and household water debt that had accumulated up to that point as a result of the pandemic and the Executive Order. The State Water Board used the survey results to project the magnitude of the statewide household water debt. At that time, the State Water Board estimated the household debt to be on the order of \$1 billion, and that 1.6 million households had water debt.

The American Rescue Plan Act of 2021 provided funding to the State to address revenue losses as a result of the pandemic. The Fiscal Year 2021-22 State Budget Act (Senate Bill 129) appropriated \$985 million from the Coronavirus Fiscal Recovery Fund to the State Water Board for payments to community water systems to forgive residential and commercial customer arrearages that accrued during the COVID-19 pandemic bill relief period of March 4, 2020 through June 15, 2021.

A budget trailer bill (Assembly Bill 148, Ch. 115, statutes of 2021) added Chapter 4.7 (commencing with section 116773) of part 12 of division 104 to the Health and Safety Code to establish the requirements for the Program. Pursuant to the Health and Safety Code, the State Water Board is required to survey community water systems to determine statewide arrearages and water enterprise revenue shortfalls, and adopt a resolution establishing Guidelines for the Program. If funds remain after community water systems' arrearages are reimbursed, the State Water Board must establish a program for payments to wastewater treatment providers to forgive residential and commercial customer arrearages that accrued during the COVID-19 pandemic bill relief period of March 4, 2020 through June 15, 2021. The Program will be jointly administered by the State Water Board's Division of Drinking Water (DDW) and Division of Financial Assistance (DFA).

DDW staff surveyed community water systems to determine statewide totals for community water systems' residential and commercial customer arrearages that accrued and water enterprise revenue shortfalls that occurred during the COVID-19 pandemic bill relief period. Three public webinars were held, one on August 19 hosted by DDW staff and two on August 26, 2021 hosted by the Rural Community Assistance Corporation (RCAC), to assist community water systems in completing the survey. Technical assistance also was made available to assist community water systems in responding to the survey.

Staff consulted with community water systems, community representatives, and environmental justice advocates and associations in developing the draft Guidelines, which establish the criteria and processes the State Water Board will use to administer the Program. The draft Guidelines were released for public comment on August 25, 2021. The State Water Board held a public workshop to take comments on the draft Guidelines on September 9, 2021.

If adopted, in addition to adopting these Guidelines, the proposed resolution will authorize the Deputy Directors of DDW and DFA, or designees, to administer the Program consistent with the Guidelines, including, but not limited to, making eligibility determinations, enforcing Program requirements in accordance with subdivision (d) of section 116773.6 of the Health and Safety Code, and approving and issuing payments of Program funds. The resolution will further authorize the Deputy Director of the DFA, with the concurrence of the Chief Counsel, to initiate processes to recover Program funds in appropriate cases, including, but not limited to, referring cost recovery requests to the Attorney General.

## **POLICY ISSUE**

Should the State Water Board:

1. Adopt the proposed Program Guidelines?
2. Authorize the Deputy Directors of DDW and DFA, or designees, to administer the Program consistent with the Guidelines, including, but not limited to, making eligibility determinations, enforcing Program requirements in accordance with subdivision (d) of section 116773.6 of the Health and Safety Code, and approving and issuing payments of Program funds?
3. Authorize the Deputy Director of the DFA, with the concurrence of the Chief Counsel, to initiate processes to recover Program funds in appropriate cases, including, but not limited to, referring cost recovery requests to the Attorney General?

## **FISCAL IMPACT**

Funds were appropriated in the FY 2021-22 Budget for the payments to water systems. Funds were also authorized for staff costs to administer the Program.

**REGIONAL BOARD IMPACT**

No Regional Board impact.

**RELATION TO OTHER POLICIES**

State Water Board action on this item will assist the State Water Board in achieving the policy set forth in section 106.3 of the Water Code. Specifically, subdivision (a) of that section declares it is the established policy of the State that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.”

**STAFF RECOMMENDATION**

Staff recommends that the State Water Board adopt the Resolution.